

MARICOPA COUNTY BOARD OF HEALTH MEETING

October 27, 2014

301 W. Jefferson Street, 10th Floor

Phoenix, Arizona 85003

Board of Supervisors Conference Room

Meeting was called to order at 2:33 p.m.

ROLL CALL:

Members Present:

Andrew Ingram
Francisca Montoya
Kip Steill
Colleen Wheeler

Members Absent:

Don Cassano

DISCUSSION ITEMS:

1. Public Health Finance Report

Mr. Scot Pitcairn

This report is for the period through September 30, 2014. Mr. Pitcairn reported that the General Fund has spent 24.6% of the General Fund allocation. The net positive variance for budget to actuals year to date is \$314,359. Personnel expenses had a positive variance compared to budget of \$184,375, and the operating expenses had a positive variance of \$129,984.

\$225,076 of the \$314,359 positive variance year-to-date is in three areas: the Lab, Community Transformation and Nutrition. In the Lab, chargeback credits from other user programs are running well ahead of budget. This should even out as the year progresses. In the Community Transformation program, there is a lag in payments for ASU and other contractors to foster health partnerships and other policy initiatives. \$154K is budgeted for these contracts this year, down from \$246K in FY14. This spending should “catch up” to budget by year-end. In Nutrition, vacancy savings has been generated from the retirement of the Nutrition program manager.

Through September, 23.2% of the Grant Fund budget has been expended. Of the net positive expenditure variance compared to budget year to date of only \$181,489, \$637,591 is in personnel and a negative \$456,102 is in operations. A large chunk of that (\$167,614) negative variance in operations is in the Refugee grant program. Lab and Pharmacy charges are exceeding budget year-to-date, and will need to be addressed as the year progresses. These revenues in the grant program come from the federal Refugee Medical Assistance Program (RMAP), passed through ADHS. The RMAP fees used to be based on Medicaid reimbursement rates, but now are based on AHCCCS rates which are lower. The bottom line is that we can't expend more than the fee revenues by year-end. Another factor in the operations negative variance is the effect of grant-year-end spending in the Nutrition Network and WIC grants which ended September 30th. This spending should level off with the new grant cycle.

Actual grant revenues year-to-date are \$6.3 million short of budgeted revenues year-to-date. Given that we have over \$40 million of grant awards annually, even one

month lag, which is ideal but hard to attain, results in a \$3.5 million in receivables at any given time. However, we are running at twice that amount. The lagging receivables are the result of several factors: For our Nutrition grant, the grantor (ADHS) requested an adjustment to our June and July invoices but our program accountant did not realize until recently that they had asked for this. For our largest grant, WIC, we are about two months behind, which is about \$1.6 million in outstanding receivables. If the grantor is delayed in finalizing our contract, they will not pay the first invoice until the contract is finalized and their grant purchase order is issued. We hope to reduce this amount of receivables substantially in the next month or two. Just after September's close we deposited almost \$2 million in grant payments just short of the month end. We are also developing a new simple accounts receivable tracking system for tracking the grant revenues, which should help us better stay on top of the outstanding grant receivables.

From the Special Revenue Fund we have spent 21.4% of our expenditure budget as of September month-end. Revenue through this period shows a slight positive variance of \$19,244. Actual revenues year-to-date exceed expenditures by \$123,351, so this fund as a whole is structurally in balance 3 months through the year.

For our Vital Registration Office, birth and death certificate fee revenue has posted a slight positive variance of \$12K compared to budget for the year to date. The Office has kept its expenditures under budget (by \$144,612) and within revenues (by \$179,859), so the account is structurally balanced. They have managed this by not hiring temps and through vacancy savings. The program's new West Valley Office, jointly shared with our Community Health Nursing program, should be occupied by next month. The new office is located in Avondale. The expenses for setting up this office are paid from the accumulated Special Revenue fund balance, and should be in the range of \$400K.

Community Health Nursing/Child Immunization's third party collections are lagging behind budget year to date (\$51,623), and expenditures exceed revenues year to date by \$166,631, so the account is not structurally balanced revenue to expenditures. This results from expenditures exceeding budget by \$197,806. This is caused by the front-loading of vaccine purchases early in the fiscal year, and should even out as the year progresses. Program fee revenues come from third party collections by TAPI from AHCCCS and private insurers.

Mr. Max Porter, Deputy Director, explained that a majority of our adult immunizations come from our Refugee clinic. The travel adult vaccinations are available almost anywhere throughout the community and Maricopa County does not undercut anybody. One of the reasons we're structurally unbalanced right now is that we need to raise our fees because of the fluctuation in vaccine costs. However, we can't simply raise our fee because vaccines increasing because this has to go before the Board of Supervisors to increase any fee. This creates a lag and this is one of the reasons we're structurally imbalanced.

He noted that we have actually looked at the program in order to perhaps back out of it because it's not a big enough program to make it viable for us to continuing doing. However, because of the refugees we have to have that clinic there because they have to have someplace that they can flow back into. The main point is that we do not undercut anybody in the community regarding fees. It's one of our mandates that we can't undo.

At our main clinic, the TB Control fee program has a slight negative structural balance (\$1,203). Our Refugee fee fund is way over budget, but is structurally balanced. This results from a sharp increase in AHCCCS reimbursements. The Refugee account in our fee fund is funded from AHCCCS fees collected for refugee client services and a minimal amount of fees paid by clients. The revenues have increased substantially over previous years, and unlike the Refugee grant program, this program is structurally balanced.

Our Adult Immunization/Foreign Travel fee program is not generating enough fees to cover expenses (out of structural balance by \$14,300). We hope this situation improves later in the year as travel increases. The STD Control fee program, on the other hand, is structurally balanced. Even though expenses exceed budget year to date, revenues have exceeded budget as well, which is more than enough to cover the higher expenses. This is the case even though our \$20 fee has not changed for many years, and we provide free services two evenings per month.

2. Environmental Services Finance Report

Ms. Diane Cabanillas

Ms. Cabanillas reported on two funds. The first one was the General Fund which had reported revenues at 53.23% higher than the year to date (YTD) budget and expenditures 14.5% under the YTD budget through September FY 2014-15.

Environmental Services collects some enforcement revenue from non-permitted activities. These fines are associated with violations of the Environmental Health Code by persons and organizations not subject to obtaining a permit. Agency revenue through 25% of FY 2014-15 finished at \$7,141 which is 54.23% or \$2,511 over YTD budget.

The Environmental Services General Fund Agency is reporting expenditures 14.53% or \$188,449 under YTD budget for FY 2014-15. This variance is made up of a Personnel variance of \$4,837, Supplies & Services variance of \$185,807 and Capital Expenditures variance of \$7,480. The fund currently has a favorable variance; however, Environmental Services is working with OMB in order to appropriate additional funding for Vector Control. This funding will allow for continued mosquito outbreak control due to unexpected heavy rain storms causing enormous amounts of standing water throughout the County during the months of September and October. Previously dispersed adulticides were washed away during these storms, making it necessary to re-treat all known breeding sites within Maricopa County. The funding will allow Environmental Services to purchase Eight (8) totes of Duet, three (3) electric foggers, additional mosquito control products, such as adulticides and other directly related supplies. Since the 2nd week of September Environmental Services has received over 8,855 complaints.

Calendar year to mid-October, Environmental Services has received 13,972 complaints. FY14 generated a total of 6,189 complaints for the entire year. From fiscal year to mid-October, 316,502 acres have been treated for adult mosquitoes.

In fiscal year 2014, Environmental Services treated a total of 194,757 for the year. Fiscal year to mid-October, Environmental Services Vector Control has generated 1,126 hours of overtime for mosquito fogging.

Fee Fund Agency 883 is 4.57% under the YTD budget and expenditures 16.38% under the YTD budget of FY 2014-15.

The Fee Fund is supported by permit, fee and fine revenue. Agency revenue through September 2014 finished at \$4,425,248, which is 4.57% or \$211,909 under YTD budget and \$817,143 less than the same period of FY 2013-14.

Expenditures through September of FY2014-15 are 16.38% or \$989,168 under the YTD budget. This positive variance is made up of Personnel variance of \$213,325, Supplies & Services variance of \$212,990 (IT hit of \$241,000 was the major reason for the variance) and Capital Expenditures variance of \$988,833. The majority of this money is for the Eastern Regional Office which they're hoping to be moved into in mid-March 2105. The positive variance for Personnel Services is due to a high vacancy rate for Registered Sanitarians. Currently there are 19 vacant positions within the Environmental Health Division. YTD revenues minus YTD expenditures result in a net loss of \$626,116. This decreases the Environmental Fee Fund Balance to \$7.616M. (*Note: The beginning FY 2014-15 fund balance was \$8.242M*).

Ms. Cabanillas reported that part of the revenue issue was due to the Water Waste Division. When they plan for revenue they are seeing a slight increase but with the housing construction for water and waste water, planning has actually stopped so they're looking at inclement growth there now. Much of the plan review program for on-site subdivision pools has been sagging and they had planned on some growth based on FY14 measures.

Ms. Montoya questioned why the variance reported from the Special Revenue Fund was so high. Mr. Pitcairn said he saw this too but couldn't remember exactly what the reason was. He will check on this and report back at the next meeting.

Adjournment

There being no further business, motion was made by Ms. Wheeler to adjourn the meeting. The motion was seconded by Ms. Montoya and the motion passed unanimously. Mr. Steill adjourned the Finance meeting at 3:00 p.m.